

**Statement of
Commissioner Jonathan S. Adelstein
Federal Communications Commission**

Press Conference on Fake TV News: Widespread and Undisclosed
April 6, 2006

We all owe a huge debt of gratitude to Free Press and the Center for Media and Democracy -- especially Diane and Daniel -- for producing this groundbreaking report on the pervasive and undisclosed use of video news releases (VNRs) by local television stations across this country.

Last May, I called on citizens and public interest advocates to monitor the media, and alert the FCC to undisclosed promotions that may violate our sponsorship identification laws. Today, I am here to receive a very well documented and researched report indicating fake news is alive and well in the American media. It shows that local news is sometimes neither local nor news.

The problem with the many video news releases these groups have uncovered is that they lead viewers to believe they are watching a real news report when instead they are getting a subtle dose of corporate propaganda. The FCC's issue with VNRs is not the content. The concern arises when deception replaces disclosure -- and when there is a failure to identify the source of the broadcast material. That is a betrayal of the public trust and the law. I wonder how many of these local stations will apologize to their viewers for misleading them.

The public has a legal right to know that people who present themselves to be independent, unbiased experts and reporters are not shills hired to promote a corporate - or governmental - agenda. The law is grounded on the principle that the public is entitled to know who seeks to persuade them so they can make up their own minds about the credibility of the information presented.

The findings of this investigation are stunning in their scope. It has gotten to the point that it's often impossible for viewers to tell the difference between news and propaganda. The findings suggest a willful ignorance of federal disclosure requirements, as well as basic journalistic ethics. That should not be tolerated, especially by those who are trustees of the public airwaves.

It is not as if media outlets were not warned. In April of last year, after a wave of press reports, at my insistence and the urging of Senators Inouye, Kerry, Kennedy and Lautenberg, the Commission unanimously adopted, on a bipartisan basis, a Public Notice reminding the media of its responsibilities. It says it all: ".....whenever broadcast stations and cable operators air VNRs, licensees and operators generally must clearly disclose to members of their audience the nature, source and sponsorship of the material that they are viewing. We will take appropriate enforcement action against entities that do not comply with these rules."

Now is the time for us to act on this commitment. It appears that media outlets did not heed the FCC's clear warning. The complaint we receive today contains voluminous evidence of possible violations of the law, all of which occurred after we issued our alert.

In response to recent concerns and our Public Notice, we heard from the television news directors that the use of unidentified VNRs is not widespread. Relying on a scheme of self-reporting, the industry has consistently said they have taken significant steps to ensure that the public is fully informed.

Today's report calls into question these assurances. Looking at less than one percent of all VNRs available in the open market, the study found 98 separate instances where apparently undisclosed VNRs were used in newscast.

It certainly appears that the industry is incapable of effectively regulating itself. It is now incumbent on the FCC to take the necessary steps to protect the viewing public.

Let me point out that our rules require disclosure even if media outlets themselves were not paid to run the outside programming. In our notice, we noted the law, "imposes a duty of disclosure on any person involved in the production or preparation of broadcast matter who receives or agrees to receive, or provides or promises to provide, [any] consideration. In sum, the disclosure information must ultimately be provided up the chain of production and distribution, before the time of broadcast, to the licensee so that it can timely air the required disclosure."

Say, for example, a person appearing in a VNR is claiming to be an "expert" on technological gadgets, but is in fact on the payroll of certain gadget makers that are plugged in the broadcast. That person is required by law to disclose that information, and the broadcast station in turn has a duty to inform the public at the time of airing, even if the station itself received no consideration.

If the Commission determines that a licensee has violated the law, we may impose monetary fines of up to \$32,500 per violation, and initiate license revocation proceedings. In addition, the failure to disclose is a crime, carrying a penalty of up to \$10,000, and as much as one year imprisonment.

As the federal agency charged with enforcing sponsorship ID laws, we should immediately open investigations into these possible violations of our rules and prosecute them to the full extent of the law. If we uncover evidence of possible criminal violations, we should refer them to the FBI and the Justice Department.

We must investigate each of the 98 separate instances discussed in the complaint. While each determination should be made on a factual, case-by-case basis, I believe it is also time for the FCC to launch a rulemaking proceeding to clarify the obligations of all entities involved in the production and broadcast of VNRs. We need to launch our own investigation to determine the full scope of the problem beyond these specific incidents,

which appear to be the tip of the iceberg. We should use these efforts as a basis to update our rules to deal with the practices we are learning about today.

Clearly, voluntary industry guidelines and stern FCC warnings have failed to stop the abuses, even in the wake of widespread and embarrassing disclosures in the press. We need more citizen activists like these holding the media accountable. Ultimately, only vigorous enforcement will ensure basic compliance with the law, and that's what the FCC has already committed to do.